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BUDGET BLUEPRINT STEERS DEBATE TOWARD LONG-TERM ENTITLEMENT REFORM

Opportunity is now to begin facing challenge of unfunded promises

WASHINGTON—Senate Budget Committee Chairman Judd Gregg today unveiled his Chairman's Mark for the FY06 Budget Resolution, calling on Congress to begin taking a hard look at the nation's long-term budget challenges.

"Our current fiscal course is unsustainable," Gregg said. "The government has made \$44 trillion in promises we can't afford to keep. We must get serious now about our long-term budgetary problems, recognizing that the sooner we act, the less painful the choices will be.

"This budget addresses short-term deficit reduction and takes modest, but important first steps toward acknowledging the looming long-term crisis. The budget recognizes that our first job as a federal government is national security, and fully funds the President's defense and homeland security requests. Finally, the budget provides for other priority programs such as higher education, Pell Grants, pension security and national energy policy.

"It is important we pass a budget, and important we enforce the budget. It is the blueprint that will guide the rest of our work this year."

The FY06 Chairman's Mark:

Cuts the deficit in half within five years.

Meets the President's goal of halving the deficit from the projected FY04 level of \$521 billion and 4.5 percent of GDP. The budget reaches half in nominal terms by FY08 at \$258.2 billion and as a percent of GDP by FY07 at 2.2 percent.

Fully funds the President's requests for defense and homeland security.

Provides \$439 for overall defense spending, which represents an \$18.2 billion increase, or 4.3 percent. Provides an increase of \$1.1 billion, or 3.9 percent, for total homeland security spending of \$29.1 billion. The Chairman's Mark includes a \$50 billion contingency fund for ongoing costs associated with the wars in Iraq and Afghanistan.

Maintains job-creating tax policy.

Provides for extending current tax policy such as dividend and capital gains rate reductions throughout the five-year budget and includes a reconciliation instruction allowing for quick consideration of \$70.2 billion in tax cuts.

Strengthens budget enforcement tools.

Sets three years of discretionary caps, creates a new point of order against long-term spending, strengthens points of order against unfunded mandates on states and extends other budget enforcement tools.

Provides resources for important education, energy, welfare and pension policy.

Includes funds to increase Pell Grants, extend and improve higher education programs, enact a comprehensive national energy policy, extend welfare programs and strengthen the federal pension guarantee fund for retiring workers.

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